

Defeat the IMF sabotage of Balkans reconstruction effort

by Rainer Apel

The NATO air war against Serbia is over, but there is no peace yet in the Balkans. Another, potentially far more deadly war is going on right now: an economic war.

On July 13, the International Monetary Fund (IMF), World Bank, and the European Bank for Reconstruction and Development — constituting themselves as the High-Level Steering Group — announced their “reconstruction” plan for the region. This is not a reconstruction plan at all, but a program for continuing genocide — by financial means. They specified that there will be nothing more than humanitarian aid for Yugoslavia, before political and economic reforms there have taken place. As Carl Osgood reports on p. 32, the World Bank is specifically denying funds for infrastructure development — including to devastated Kosovo — and will do nothing to restore the Danube River, the vital transportation artery for Central and Southeastern Europe (**Figure 1**).

German Finance Minister Hans Eichel told the press in Brussels that there will be “no big money for big infrastructure projects” in the Balkans. Referring to “the wrong lessons” supposedly learned from the Bosnia reconstruction efforts, Eichel said that there will be no additional European Union money for the Balkans in the next 12 months, on top of the already-pledged 1 billion deutschemarks. Explaining what he meant by “wrong lessons,” Eichel averred that in Bosnia, the EU built 6,000 houses with no access to water and electricity — as if that *proved* that any infrastructure investment is a waste of money!

For the Balkan countries, the state of production and technology of infrastructure, housing, and agriculture was already bad enough before 1989, and grew worse with ten years of IMF-imposed deregulation and privatization. With the NATO air war, the economies of all the Balkan states, including those not directly attacked, have suffered huge losses in foreign and domestic investments, trade, and trade routes (the destroyed Danube bridges, etc.), and have had to bear the immense costs of the Kosovar Albanian refugees streaming into, mostly, Albania and Macedonia. Only a crash program for postwar reconstruction and development in the broadest sense, can bring recovery to the region.

FIGURE 1

The Danube: a vital element of the LaRouche development policy



The Rhine-Main-Danube Rivers and Canal are shown here, on the background of the Productive Triangle region (shaded), identified by Lyndon LaRouche in 1989 as vital for Eurasian development. Unless the Danube is made serviceable again, in the aftermath of the NATO bombing of Yugoslavia, and unless the Balkans undergo a serious reconstruction effort, the entire region will plunge into deeper and deeper economic and political crisis.

Such a program, as *EIR* has emphasized, must be linked to an *international* economic reconstruction effort, including Lyndon LaRouche’s concept of a New Bretton Woods monetary system, and development of the Eurasian Land-Bridge, the infrastructure program of the twenty-first century. Unless the damage done by the NATO air war is reversed, the Land-Bridge effort will have received a major setback, given the vital economic and strategic location of the Balkans.

At the height of the NATO air war, the Balkan nations were still confident that a serious reconstruction program would be launched after the end of the war. President Clinton’s April 30 call for an aid program resembling the Marshall

Plan of 1947, for all of Southeast Europe, created heightened expectations among the various nations and their leaders.

For example, Romanian President Emil Constantinescu, who last autumn had expressed his view in several speeches and interviews, that his country should become an important partner at the “western end of the new Silk Road,” had good reason to feel encouraged by Clinton’s initiative, as did other Balkan leaders.

In Albania, a team of experts around Economics Minister Ermelinda Meksi worked out a memorandum regarding meaningful projects for national public infrastructure development, covering every aspect of infrastructure, from the

power supply to roads, railroads, and canals. The driving spirit behind this memorandum, which was published at the end of June, was the idea that now, after the end of the NATO air war against Serbia, the time had come to not only repair the immediate war damage, but to launch a grand-scale economic program. The list of projects proposed for Albania alone requires an input of \$6 billion — but this is only a “first estimate,” as Economics Minister Meksi explained.

The Greece-Bulgaria plan

In a parallel development, on April 15, the governments of Greece and Bulgaria presented a broad reconstruction program for all of the Balkans — including Serbia — in the range of at least \$30 billion. The plan, aspects of which were discussed between Greece and the Czech Republic, was presented also to the Chinese government, when Greek Foreign Minister George Papandreou visited Beijing on May 24; and, the Chinese signalled interest in joining the project. This is worth special note, because Greece, being a member of NATO, had been a voice of opposition inside the alliance against the air war from the start. While other Balkans governments did not agree on all aspects of the plan, particularly the fact that the Greeks wanted to include the Serbs from the start, they did signal genuine interest in the plan.

But the Greek-Bulgarian plan, which was greeted in the Balkans itself, in late June succumbed to strong resistance from the other NATO governments and the rest of the European Union (EU). The fact that the majority of the Western governments categorically ruled out any aid for Serbia, served as a foul pretext for not only rejecting the Greek proposal, but also for retreating from Clinton’s original proposal for a Marshall Plan approach to the entire Balkans region. The EU and the United States decided instead to turn the Balkans reconstruction into one of those bureaucratic quagmires that would copy the policy of conditionalities of the IMF and World Bank, and would make all potential Balkans projects hostage to the IMF’s “yes” or “no.”

Worse, at the end of June, the EU and the United States also decided to appoint Bodo “Bobo” Hombach, German Chancellor Gerhard Schröder’s chief aide, who is facing several investigations on charges of corruption at home, as the supreme head of the main Balkans reconstruction agency.

For the nations of the Balkans, this was a clear betrayal of justified hopes for Western assistance after the end of the air war, and this betrayal elicited protests from the highest political levels and in leading media of Southeast Europe.

West comes in for criticism

At the World Economic Forum conference in Salzburg, Austria, this dissent with the West became most visible, when four leaders of Balkans nations — Albania, Bulgaria, Macedonia, and Romania — held a press conference on July 1, attacking the Western approach. “There is fear,” Macedonian Prime Minister Ljubco Georgievsky said, “that what has been promised will be prolonged to an unspecified time. The stability

pact [the official name of the EU-U.S. Balkans program] is being delayed from month to month. . . . Now we see that it will come through only in September, then it may be pushed into a new fiscal year. . . . This is creating dissatisfaction among us. We should not allow Europe to forget southeastern Europe, to forget great promises by European politicians.”

Romanian President Constantinescu joined Georgievsky in the criticism, saying, “It seems very hard for the West to understand that peace and stability have a price. . . . In the ten years since the collapse of communism, we have learned very well the lessons of Western democracy and the market economy. But the West still has a long way to go to come to know us as we know them.”

Bulgarian President Petar Stoyanov added that “investment in infrastructure will be a less costly exercise than bringing in the blue helmets” from the UN.

And at home, Balkans media adopted a more critical tone concerning the West and NATO, than during the air war. For example, the leading Bulgarian business weekly, *Kapital*, in its issue No. 25, carried a very aggressive commentary on the false promises of Western governments, under the headline “Compensation Albright.” The commentary said that when U.S. Secretary of State Madeleine Albright recently visited Bulgaria, she had time only to meet her good friend, Bulgarian Foreign Minister Nadeshda Mikhailova, but no time to meet with other leaders of the nation. Albright thanked Mikhailova for the Bulgarian decision to grant NATO aircraft an air corridor for the war against Serbia. But she did not discuss anything that came close to the interests of Bulgarian industry in a broad economic program for the Balkans, with a genuine Bulgarian share in it, *Kapital* wrote. *Kapital* remarked that all the friendly contacts between the two foreign ministers had brought no benefit at all for the Bulgarians, just a lot of hot air. Other Bulgarian media criticized the disinterest of the U.S. State Department in discussing projects beyond the immediate Kosovo situation, such as the Bulgarian plan for a second large bridge across the Danube, a considerable improvement of the nation’s transport infrastructure, which, however, requires considerable investment.

The Bulgarian government and the other governments in the region have apparently come to the conclusion that not much aid will come from the “rich” West for the time being, and in that conclusion, they have been strengthened by the conduct of the IMF, whose teams of experts at the end of June reminded the Romanians, Albanians, and Greeks that more neo-liberal “reforms,” deregulation, and privatization are required, before their countries could be viewed as members of the community of free-market nations.

The Romanians received the most humiliating treatment: Having hurried to pay outstanding debt in the range of \$247 million to Western creditors just before the IMF team arrived, the government learned from the IMF that a promised loan of \$475 million would not be forthcoming, because the “reform” process in Romania was unsatisfactory, in the eyes of the Fund’s experts. With these kinds of “assessments,” the IMF

and the World Bank, as well as other leading Western monetarist institutions, have underlined during the last two or three weeks that the economic warfare against the formerly state-socialist nations of the Balkans is ongoing.

Balkans governments on their own

In what has remained largely ignored by the disinterested Western media, the Balkans governments are trying to make the best out of this situation. Through the intensification of bilateral or regional consultations among themselves, they are trying to get at least some economic development off the ground in an effort of their own, even if the big funds for that are not available in this impoverished region. During the first two weeks of July, an impressive array of such meetings has taken place; for example, on July 2, when Austrian President Thomas Klestil and Romanian President Emil Constantinescu met in Salzburg after the World Economic Forum conference, to discuss the perspective of restoring the 47 bridges across the Danube, which the NATO air war had destroyed.

On July 6, Hungarian Transport Minister Kalman Katoa and Croatian Transport Minister Zeljko Luzavec discussed joint efforts to make the Danube navigable again, through cooperation among construction firms of both countries in rebuilding bridges across the Danube. Luzavec was quoted by Balkans wires as saying that the quickest route for Hungarian goods for overseas shipment was via the Danube, and thence, via waterway and road transfer, to the Croatian ports on the Adriatic Sea, such as Ploce and Rijeka.

On July 8, Macedonian Prime Minister Georgievsky and Albanian President Rexhep Mejdani met in Skopje, the Macedonian capital, and agreed that their governments will step in to finance segments of the planned trans-European transport grid that have been left "orphaned" by the EU. In particular, the two leaders discussed a rail network, which is to be undertaken in cooperation with Italy, Bulgaria, and Montenegro. The extension of this network through Albania and Greece was also on the agenda of talks which Albanian Foreign Minister Paskal Milo had in Athens on July 10, when he met with with Greek Alternate Foreign Minister Yannis Kranidiotis.

Furthermore, a three-way consultation process on security, economic development, and trade, with a special emphasis on transport infrastructure projects, was inaugurated on July 15, at a meeting in northern Greece among the foreign ministers of Greece, Albania, and Macedonia. In this context, a memorandum has been prepared for a third infrastructure corridor to the two routes already planned—Corridors 8 (east-west) and 10 (north-south): a Dalmatian-Ionian highway, to be built by Albania and Greece.

Aid from outside the region

Among the little concrete aid that is coming from outside the Balkans, three examples are notable:

1. There is support from Russia, in the form of restoring the major railroad bridge across the Danube in the northern Serbian city of Novi Sad. This has been undertaken in a very

unbureaucratic way, through direct contacts between Moscow Mayor Yuri Luzhkov and Serbian businessman Dragoljub Karic. Co-funded by construction firms of the Moscow and Nishni-Novgorod regions, a team of 30 architects and reconstruction experts had already toured Novi Sad and other regions of Serbia before the NATO air war was officially ended. The initiative is to demonstrate that Serbia must not be omitted from reconstruction.

2. On July 7, an initiative of 90 chambers of commerce from 12 nations bordering the Rhine and Danube rivers issued a joint appeal for the immediate clearing of bombing debris from the Serbian section of the Danube. This, declared the signers of the appeal, many of whom are German chambers of commerce, would make the Danube navigable again for big barges, thereby allowing waterway transport of several million tons of materials and machines needed for the reconstruction of all of the Balkans countries. The initiative is very important, because it is the first sign, outside of the LaRouche movement in western Europe, of sound political reflection of the real economic needs of the Balkans region. The LaRouche movement has campaigned for a crash development of the Balkans since 1989.

3. On July 13, the German Reconstruction Bank in Frankfurt (Kreditanstalt für Wiederaufbau) announced a direct, unconditional loan of DM 40 million (roughly \$25 million), for the repair of failing power systems in southern Albania. This is important, because it benefits regions of Albania outside the northern regions, which were directly affected by the refugee flows from Kosovo during the NATO air war, and which, therefore, have been the exclusive recipients of the little aid that has so far come from the West.

The week before, on July 7, Chinese Deputy Foreign Minister Wang Yingfang had arrived for talks in the Albanian capital, Tirana, about Chinese assistance for reconstruction of vital infrastructure and industrial sites in Albania. This involves the project for a new hydroelectric power station at Bushat, the renovation of the electric power grid throughout Albania, as well as the rehabilitation of several industrial plants that had been set up with Chinese technology in the 1970s. At that time, relations between China and Albania were close, and thousands of Chinese specialists assisted the building of giant industrial plants and hydroelectric stations, Albanian media recalled in reports during Wang's visit.

Granted, all of this is still far away from a real, broad program for reconstruction and development, but the few concrete initiatives that have been launched so far, bypassing the monetarist European Union and IMF bureaucracies, are pointing in the right direction. The case of the 90 chambers of commerce, most of which are located in western Europe, indicates that even broader ferment is also building among Europeans outside the Balkans, for a fundamental change in Western approaches to the problems of Southeast Europe. The "builders" are in a war against the destructive bureaucrats and elites—a war for reconstruction and development.